Tamara Knapp, Manager

I really look forward to meeting you!

I'm really excited to be back home in the Great Southern. I first came across the Community Bank® model 10 years ago when I accepted my first role in banking as a Customer Service Officer. The more I learnt about what a successful Community Bank® can achieve in partnership with its local community, the more it turned from a job into a passion. I'm looking forward to forming strong relationships with people of Albany and providing personalised banking solutions that suit individual needs, and in turn grow our business to create a wonderful source of local funds for our community.

I'm excited that I will be a part of the team that will help the Board reach its goal of paying the Albany (WA) Community Financial Services Ltd shareholders their first dividend and be involved in some significant sponsorships and Community projects in Albany.

But for us to be able to reach these goals, we need your support by way of banking with us. So please pop into the branch to say "Hi" and meet our friendly staff.

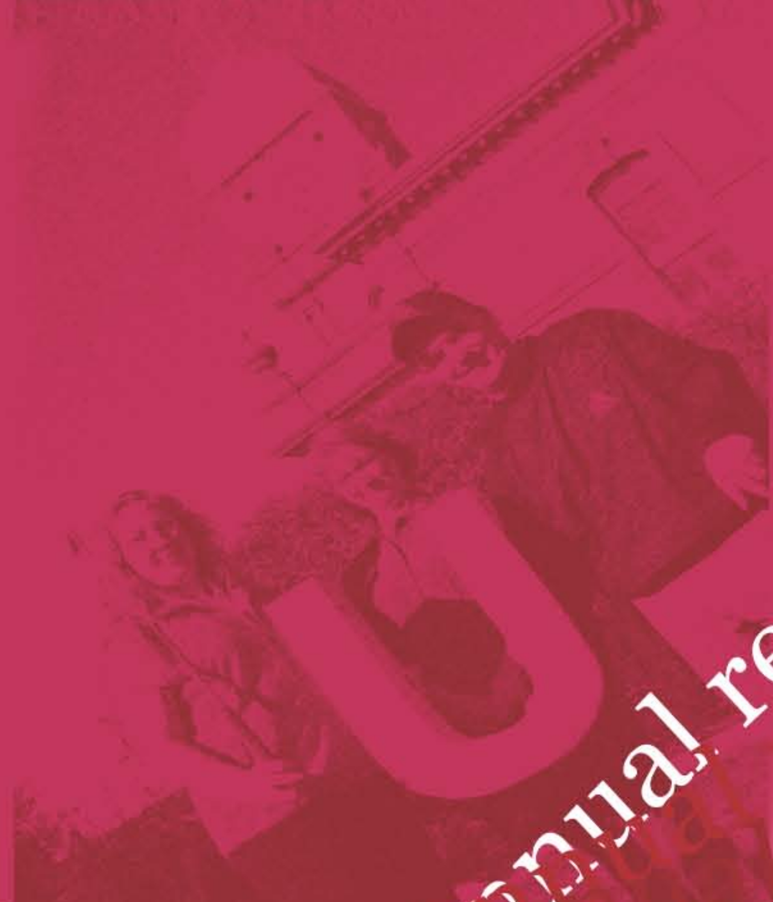
Kate Hayley

Raylene Cathy

Albany **Community Bank**® Branch
Shop 3, 78-82 Lockyer Avenue, Albany WA 6330
Phone (08) 9842 1911 Fax: (08) 9842 1491

Franchisee: Albany (W.A.) Community Financial Services Limited
PO Box 979, Albany WA 6331
Phone: (08) 98421911 Fax (08) 98421491
ABN 77 119 012 510

www.bendigobank.com.au/albany
Bendigo and Adelaide Bank Limited
The Bendogo Centre, Bendigo VIC, 3550
ABN 11 068 049 178, AFSK 2378779



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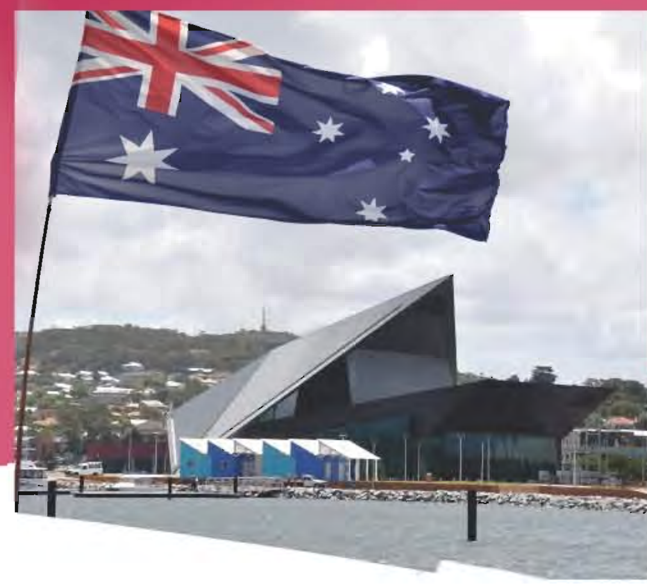

Albany (W.A.) Community Financial Services Limited
ABN 77 119 012 510

Albany **Community Bank**® Branch

Bendigo Bank

Chairpersons Report 2010 - 2011

It has been 12 months since I stood before you as a very newly elected Chair with the then bank manager and an almost completely new board. I made a promise that Albany (WA) Community Financial Services Ltd would be in a better position by the next AGM, that there was nowhere to hide and if decisions needed to be made, we'd make them.

I believe that thanks to the hard work and diligence of our current board members and staff we have delivered on that promise. We have two new board members, and collectively the board have literally given hundreds of hours of their business expertise at no cost to the company over the past 12 months. Circumstances have challenged our dedicated staff to deliver well beyond their duty statements, and for the most part they have united under our community spirit banner and ensured the branch has not only run smoothly but has actually increased its growth in the last six months. An example of this is reflected in the loan growth April – June 2011, an average $633,000 per month for the quarter, well done to Hayley, Kate, Raylene and Cathy.

We have without doubt received fantastic support from: key Bendigo Bank employees, relief staff, our Board member country cousins in Mount Barker, Cranbrook and Tambellup, the generous staff of Mount Barker Community Bank™, in particular Jenni and Leigh. Finally tremendous thanks go to our Bendigo Bank regional manager Keith McLuckie for his tireless efforts, a willingness to answer our frequent questions, being a sounding board and for his unfailing optimism.

Like many businesses in the current economic climate we have interrogated all aspects of our business. We have recognised our strengths, acknowledged our weaknesses and made changes. We have identified thousands of dollars of recurring operational cost savings and implemented improved operational processes. We will be more cost effective without compromising the very positive points of difference Community Bank™ customers receive.

As I write this we've had reasonably good rains, consumer confidence is on the verge of improving and our new bank manager is about to begin what will be an exciting time ahead for the youngest bank in Albany. Our young dynamic team will consistently delivery on our promise of good old fashioned fantastic customer service with a smile and Bendigo Bank's promise of a full service bank. The Board are so confident that we have no hesitation inviting every shareholder, current and potential customers to call in an experience for themselves the refreshing alternative in banking. We guarantee a pleasant experience and knowledgeable staff who will help you find the Bendigo Bank product right for you, so you too can join us in keeping our local money here at home in our community longer.

As you read this annual report I think you will agree that it is much better than that of last year but we still have a way to go. It is taking longer than may have been intimated during the fundraising period to pay our shareholders a dividend, but it is taking longer to reach the levels of support that was suggested through the survey process as well. It is the Boards intention to continue to lead this company into positive territory but we need you the people who were committed enough to become shareholders to not only bring your banking to your bank, but share our community values with people in your network.

Together all our goals can be achieved.

VICKI BROWN.

Manager's Report

For year ending 30 June 2011.

It's fair to say the last twelve months has thrown a few challenges our way. The good news is we have successfully dealt with all of them and come out in great shape to take advantage of the opportunities here in Albany.

While the economy continues to recover from one of the worst periods on record, it is realistic to expect that consumer confidence would remain low. The impact on the banking sector has been significant with property prices falling throughout WA and customers deciding to adopt a much more conservative approach to spending.
That being said we have grown our business by approximately $4 million over this period.

We have undergone some staff changes over the year and welcome Raylene Maloney to the team. Conversely, we said goodbye to our previous manager, Peter Kelsall earlier in the year, but we're delighted to be welcoming Tamara Knapp to Albany in August as our new branch manager.

While our performance to date has been sound, it has not been spectacular. We want to change that and make Albany Community Bank more successful. We have a predominantly new, and energetic board of directors that have the Albany community at heart, and a branch team that are committed to providing the best level of service possible. All we need now is more customers to bank with us and we will all reap the benefits.

As staff we hear many stories of Community Banks investing considerable funds into their local communities to make them better places. These investments are based on local decisions and local needs. Our aim is join these other Community Banks by investing in Albany and the surrounding region, however as stated above, we need more customers to bank with us to make this a reality.

Community banking is very simple. We want to provide a local business that actively contributes to the financial and social wellbeing of the community. We are a business that actually retains capital in the local economy that may otherwise be lost elsewhere.

So if you are one of us who feel strongly about our community and want a bank with a difference, then we would like to hear from you. You can either come into the branch or pick up the phone, it's entirely up to you.

Hayley Clarke
Customer Relationship Officer.

Bendigo Bank Community Bank - Russell Jenkins

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than $58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with $469 thousand returned within the first five years, $8.15 million within the first eight and $22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top $100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned $58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through director engagement and education, community consultations and other community solutions (Community Enterprise Foundation™, Community Sector Banking, Generation Green, Community Telco, Generation Green™ and Community Enterprises) that will provide boards with further development options.

In Bendigo, your **Community Bank®** board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Bank's Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.
Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank (BEN) shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank®** branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank®** model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.

Russell Jenkins
Executive Customer and Community

Albany (WA) Community Financial Services Limited
ABN 77 119 012 510
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2011.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Vicki Louise Brown
Chairman *(Appointed 23 September 2010)*
Age: 48
Occupation: Chief Executive Officer

Chief Executive Officer of Albany Enterprise Group Inc managing the Small Business Centre Great Southern, Albany Business Centre and Enterprise StartUp of WA. She has been a winner of the ACCI Telstra Countrywide Business Person of the Year and was on the inaugural Board o the Tambellup Cranbrook Community Bank and has a degree in Regional Development.

Interest in shares: 1,000

Charles Reynolds
Treasurer
Age: 53
Occupation: Business Partner/Owner & Farmer

Bachelor of Music, a Graduate Diploma in Management Studies and a Master of Business Administration. Former Australian Army Officer who served in Irag, Soloman Islands, East Timor and South East Asia. He held several senior staff positions including Director of Public Affairs for Army. In partnership with his wife their business, Florescence, was awarded Business of the Year Award at the 2011Albany Chamber of Commerce and Industry awards.

Interest in shares: 1,000

Jonathan Godfrey
Secretary *(Appointed 3 November 2010)*
Age: 65
Occupation: Retired

Bachelor of Commerce (majoring in Logistics Management). Ex US Army Officer. Owned and operated several transport companies in Perth service the whole of Western Australia for 35 years. Extensive knowledge in business operations and requirements.

Interest in shares: Nil

Ian Pitman
Director
Age: 70
Occupation: Retired

Bachelor of Arts (Queensland) with majors in English literature and political science. Master of Arts (Murdoch) with major in public policy. Working career was in the fields of Aboriginal affairs and health, in the Northern Territory and WA. Worked in both government and non-government sectors. Past President of the Albany branch of Silver Chain and still involved in that organisation.

Interest in shares: Nil

Ian Frederick Howard
Director *(Appointed 23 September 2010)*
Age: 64
Occupation: Architect

Has over 40 years experience as an Architect. Has practiced in Albany for over 10 years after managing a major Architectural and Interior Design office in Adelaide. Executive committee member of the Albany Chamber of Commerce and Industry.

Interest in shares: Nil

Colleen Browne
Director *(Appointed 23 November 2010)*
Age: 62
Occupation: Facilitator/Business Planner
Bachelor of Arts and Bachelor of Education (Hons). A Business Planning and Facilitator consultant working with innovative small businesses assisting to develop effective business and marketing plans, small Business Answers Officer (C'wealth), Project Manager, past University Lecturer in Education. Current actively involved Tourism Bridgetown and several sporting groups.
Interest in shares: Nil

Bruce Joseph Rudeforth
Director *(Appointed 27 January 2011)*
Age: 32
Occupation: Lawyer
Lawyer, Bachelor of Laws and Bachelor of Business (Marketing & International Business). Associate Lawyer with Latro Lawyers, tutors contract law at University of Western Australia (Albany campus). Governing member of the Great Southern Institute of Technology.
Interest in shares: Nil

Helen Phyllis Barnard
Director *(Resigned 25 November 2010)*

Milton John Evans
Director *(Resigned 28 October 2010)*

James Daniel Bolger
Director *(Resigned 25 November 2010)*

Tony Curtis Norment
Director *(Resigned 22 July 2010)*

Dellys Margaret Sice
Director *(Appointed 23 September 2010, Resigned 25 November 2010)*

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Jonathan Godfrey. Jonathan was appointed to the position of secretary on 25 November 2010, replacing Helen Barnard. He has a Bachelor of Commerce with extensive business experience as a business owner of a large transport company.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2011 $	Year ended 30 June 2010 $
(72,729)	(130,975)

Remuneration Report

No Directors receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

In July 2011 the Board of Directors signed another 5 year Franchise Agreement with Bendigo & Adelaide Bank. The Board negotiated to pay

the Franchise Fee and Franchise Processing Fee as a part payment in July 2011 and the balance to be paid upon negotiation in July 2012.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors Meetings

The number of directors meetings attended by each of the directors of the company during the year were:

	Board Meetings		Committee Meeting Community Engagement	
	Eligible	*Attended*	*Eligible*	*Attended*
Vicki Louise Brown *(Appointed 23 September 2010)*	10	9	-	-
Charles Reynolds	12	12	12	11
Jonathan Godfrey *(Appointed 3 November 2010)*	8	7	-	-
Ian Pitman	12	11	12	11
Ian Frederick Howard *(Appointed 23 September 2010)*	10	6	5	4
Colleen Browne *(Appointed 23 November 2010)*	2	2	-	-
Bruce Joseph Rudeforth *(Appointed 27 January 2011)*	6	6	-	-
Helen Phyllis Barnard *(Resigned 25 November 2010)*	6	5	-	-
James Daniel Bolger *(Resigned 25 November 2010)*	4	4	-	-
Milton John Evans *(Resigned 28 October 2010)*	4	3	-	-
Tony Curtis Norment *(Resigned 22 July 2010)*	-	-	-	-
Dellys Margaret Sice *(Appointed 23 September 2010, Resigned 25 November 2010)*	2	2	-	-

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the board of directors at Albany, Western Australia on 27 September 2011.

Vicki Louise Brown Chairman————————————————

Partners in success
Chartered Accountants

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Albany (WA) Community Financial Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

27 September 2011

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Albany (WA) Community Financial Services Limited
ABN 77 119 012 510
Statement of Comprehensive Income
for the Year Ended 30 June 2011

	Notes	2011 $	2010 $
Revenues from ordinary activities	4	524,449	484,381
Employee benefits expense		(270,311)	(294,567)
Charitable donations, sponsorship, advertising and promotion		(36,096)	(34,550)
Occupancy and associated costs		(78,109)	(76,970)
Systems costs		(22,584)	(23,944)
Depreciation and amortisation expense	5	(57,846)	(57,846)
Finance costs	5	(23,359)	(23,934)
General administration expenses		(108,873)	(103,545)
Loss before income tax credit		**(72,729)**	**(130,975)**
Income tax credit	6	-	-
Loss after income tax credit		(72,729)	(130,975)
Total comprehensive income for the year		**(72,729)**	**(130,975)**
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	(8.23)	(14.82)

The accompanying notes form part of these financial statements

Albany (WA) Community Financial Services Limited
ABN 77 119 012 510
Balance Sheet
as at 30 June 2011

	Notes	2011 $	2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	431	1,388
Trade and other receivables	8	42,340	51,228
Total Current Assets		**42,771**	**52,616**
Non-Current Assets			
Property, plant and equipment	9	5,592	80,207
Intangible assets	10	-	2,000
Total Non-Current Assets		**5,592**	**82,207**
Total Assets		**48,363**	**134,823**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	18,251	32,417
Borrowings	12	313,350	293,366
Provisions	13	7,472	11,541
Total Current Liabilities		**339,073**	**337,324**
Non-Current Liabilities			
Borrowings	12	-	15,480
Total Non-Current Liabilities		**-**	**15,480**
Total Liabilities		**339,073**	**352,804**
Net Assets		**(290,710)**	**(217,981)**
Equity			
Issued capital	14	854,557	854,557
Accumulated losses	15	(1,145,267)	(1,072,538)
Total Equity		**(290,710)**	**(217,981)**

The accompanying notes form part of these financial statements

Albany (WA) Community Financial Services Limited
ABN 77 119 012 510
Statement of Changes in Equity
for the Year Ended 30 June 2011

	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2009	854,789	(941,795)	(87,006)
Total comprehensive income for the year	-	(130,975)	(130,975)
Transactions with owners in their capacity as owners:			
Shares adjustment during the period	(232)	232	-
Balance at 30 June 2010	854,557	(1,072,538)	(217,981)
Balance at 1 July 2010	854,557	(1,072,538)	(217,981)
Total comprehensive income for the year	-	(72,729)	(72,729)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2011	854,557	(1,145,267)	(290,710)

The accompanying notes form part of these financial statements

Statement of Cashflows
for the Year Ended 30 June 2011

	Notes	2011 $	2010 $
Cash Flows From Operating Activities			
Receipts from customers		536,819	481,212
Payments to suppliers and employees		(539,470)	(526,804)
Interest paid		(21,579)	(23,934)
Net cash used in operating activities	16	(24,230)	(69,526)
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		18,769	-
Net cash provided by investing activities		18,769	-
Cash Flows From Financing Activities			
Proceeds from borrowings		-	4,616
Repayment of borrowings		(23,142)	(11,686)
Net cash used in financing activities		(23,142)	(7,070)
Net decrease in cash held		(28,603)	(76,596)
Cash and cash equivalents at the beginning of the financial year		(284,316)	(207,720)
Cash and cash equivalents at the end of the financial year	7(a)	(312,919)	(284,316)

The accompanying notes form part of these financial statements

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Boards and the Corporations Act 2001.

Compliance with IFRS

These financial statements and notes comply with IFRS International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Financial statement presentation

The company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and revised Accounting Standards

During the current year the entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the company.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

Note 1. Summary of Significant Accounting Policies *(continued)*

a) Basis of Preparation *(continued)*

The company's financial statements contain a single statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, as follows:

• *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

• *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has determined these amendments will have no impact on the preparation of the financial statements and therefore they have not been applied.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Albany, Western Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

Note 1. Summary of Significant Accounting Policies *(continued)*

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has be exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Note 1. Summary of Significant Accounting Policies *(continued)*

c) Income Tax *(continued)*

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	5 years
- plant and equipment	5 - 8 years
- furniture and fittings	5 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

Note 1. Summary of Significant Accounting Policies *(continued)*

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Note 1. Summary of Significant Accounting Policies *(continued)*

n) Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

Note 2. Financial Risk Management *(continued)*

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

(i) the distribution limit is the greater of:
(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and
(ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the statement of comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 3. Critical Accounting Estimates and Judgements *(continued)*

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from Ordinary Activities

	2011 $	2010 $
Operating activities:		
- services commissions	473,564	478,938
- other revenue	50,885	5,443
Total revenues from ordinary activities	524,449	484,381

Note 5. Expenses

	2011 $	2010 $
Depreciation of non-current assets:		
- plant and equipment	1,140	1,140
- land and buildings	49,936	49,936
- motor vehicle	4,770	4,770
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
	57,846	57,846
Finance costs:		
- interest paid	23,359	23,934
Loss on disposal of Fixed asset	4,770	-
Bad debts	875	1,010

Note 6. Income Tax Expense/Credit		**2011**	**2010**
		$	**$**
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating loss		(72,729)	(130,975)
Prima facie tax on loss from ordinary activities at 30%		(21,819)	(39,292)
Add tax effect of:			
- non-deductible expenses		600	600
- timing difference expenses		(2,970)	-
- other deductible expenses		-	279
		(24,189)	(38,413)
Income tax losses			
Opening balance		328,716	281,899
Future income tax benefit not brought to account		30,960	46,817
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:		359,676	328,716

Note 7. Cash and Cash Equivalents

Cash at bank and on hand		431	1,388

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand		431	1,388
Bank overdraft	**12**	(313,350)	(285,704)
		(312,919)	(284,316)

Note 8. Trade and Other Receivables

Trade receivables		37,674	44,592
Prepayments		4,666	6,636
		42,340	51,228

Note 9. Property, Plant and Equipment

Plant and equipment			
At cost		5,694	5,694
Less accumulated depreciation		(4,540)	(3,400)
		1,154	2,294
Leasehold Improvements			
At cost		249,678	249,678
Less accumulated depreciation		(245,240)	(195,304)
		4,438	54,374
Motot Vehicle			
At cost		-	31,805
Less accumulated depreciation		-	(8,266)
		-	23,539
Total written down amount		5,592	80,207

Note 9. Property, Plant and Equipment *(continued)*

Movements in carrying amounts:	2011 $	2010 $
Plant and equipment		
Carrying amount at beginning	2,294	3,434
Additions	-	-
Disposals	-	-
Less: depreciation expense	(1,140)	(1,140)
Carrying amount at end	1,154	2,294
Leasehold Improvements		
Carrying amount at beginning	54,374	104,310
Additions	-	-
Disposals	-	-
Less: depreciation expense	(49,936)	(49,936)
Carrying amount at end	4,438	54,374
Motot Vehicle		
Carrying amount at beginning	23,539	46,109
Additions	-	-
Disposals	(18,769)	-
Less: depreciation expense	(4,770)	(22,570)
Carrying amount at end	-	23,539
Total written down amount	5,592	80,207

Note 10. Intangible Assets

	2011	2010
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(10,000)	(8,000)
	-	2,000

Note 11. Trade and Other Payables

	2011	2010
Trade creditors	14,271	24,044
Accrued audit fee	2,200	-
Other creditors and accruals	1,780	8,373
	18,251	32,417

Note 12. Borrowings

Current:

	Note	2011	2010
Bank overdrafts		313,350	285,704
Lease liability	17	-	7,662
		313,350	293,366

The bank overdraft has an approved limit of $375,000 andattracts an interest rate of 7.033% per agreement with Bendigo and Adelaide Bank Limited. The overdraft is secured by a fixed and floating charge over the Company's assets.

Non-Current:

	Note	2011	2010
Lease liability	17	-	15,480

Note 13. Provisions

	2011	2010
Provision for annual leave	7,472	11,541

Note 14. Contributed Equity	2011 $	2010 $
884,016 Ordinary shares fully paid (2010: 884,016)	884,016	884,016
Less: equity raising expenses	(29,459)	(29,459)
	854,557	854,557

Rights attached to shares

(a) *Voting rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 339. As at the date of this report, the company had 377 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 15. Accumulated Losses	2011 $	2010 $
Balance at the beginning of the financial year	(1,072,538)	(941,795)
Net loss from ordinary activities after income tax	(72,729)	(130,975)
Shares adjustment during the period	-	232
Balance at the end of the financial year	(1,145,267)	(1,072,538)

Note 16. Statement of Cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(72,729)	(130,975)
Non cash items:		
- depreciation	55,846	55,846
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	8,888	(3,169)
- decrease in other assets	-	4,837
- increase/(decrease) in payables	(14,166)	690
- increase/(decrease) in provisions	(4,069)	1,245
Net cashflows used in operating activities	(24,230)	(69,526)

Note 17. Leases

Finance lease commitments		
Payable - minimum lease payments		
- not later than 12 months	-	7,662
- between 12 months and 5 years	-	15,480
- greater than 5 years	-	-
Minimum lease payments	-	23,142

The finance lease on the motor vehicle was paid out in full upon sale of the motor vehicle.

Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	-	63,132
- between 12 months and 5 years	-	52,610
- greater than 5 years	-	-
	-	115,742

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. At the time of this report the legalities of taking up of the second option were in the process of being finalised.

Note 18. Auditors' Remuneration

Amounts received or due and receivable by the auditor of the company for:		
- audit and review services (AFS & Associates)	2,200	-
- audit and review services (RSM Bird Cameron Partners)	5,750	6,800
- non audit services (RSM Bird Cameron Partners)	6,403	7,250
	14,353	14,050

Note 19. Director and Related Party Disclosures

The names of directors who have held office during the financial year are:

Vicki Louise Brown *(Appointed 23 September 2010)*

Charles Reynolds

Jonathan Godfrey *(Appointed 3 November 2010)*

Ian Pitman

Ian Frederick Howard *(Appointed 23 September 2010)*

Colleen Browne *(Appointed 23 November 2010)*

Bruce Joseph Rudeforth *(Appointed 27 January 2011)*

Helen Phyllis Barnard *(Resigned 25 November 2010)*

James Daniel Bolger *(Resigned 25 November 2010)*

Milton John Evans *(Resigned 28 October 2010)*

Tony Curtis Norment *(Resigned 22 July 2010)*

Dellys Margaret Sice *(Appointed 23 September 2010, Resigned 25 November 2010)*

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors Shareholdings	**2011**	**2010**
Vicki Louise Brown *(Appointed 23 September 2010)*	1,000	1,000
Charles Reynolds	1,000	-
Jonathan Godfrey *(Appointed 3 November 2010)*	-	-
Ian Pitman	-	-
Ian Frederick Howard *(Appointed 23 September 2010)*	-	-
Colleen Browne *(Appointed 23 November 2010)*	-	-
Bruce Joseph Rudeforth *(Appointed 27 January 2011)*	-	-
Helen Phyllis Barnard *(Resigned 25 November 2010)*	3,000	3,000
James Daniel Bolger *(Resigned 25 November 2010)*	1,000	1,000
Milton John Evans *(Resigned 28 October 2010)*	1	1
Tony Curtis Norment *(Resigned 22 July 2010)*	-	-
Dellys Margaret Sice *(Appointed 23 September 2010, Resigned 25 November 2010)*	-	-

There was no movement in directors shareholdings during the year.

Note 20. Key Management Personnel Disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 21. Earnings Per Share	**2011** **$**	**2010** **$**
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(72,729)	(130,975)
	Number	**Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	884,016	884,016

Note 22. Events Occurring After the Balance Sheet Date

In July 2011 the Board of Directors signed another 5 year Franchise Agreement with Bendigo & Adelaide Bank. The Board negotiated to pay the Franchise Fee and Franchise Processing Fee as a part payment in July 2011 and the balance to be paid upon negotiation in July 2012.

There have been no other events after the end of the financial year that would materially affect the financial statements.

Note 23. Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Albany, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 3/78-82 Lockyer Avenue Albany WA 6330	Shop 3/78-82 Lockyer Avenue Albany WA 6330

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 %	2010 %
Financial Assets												
Cash and cash equivalents	431	1,388	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	37,674	44,592	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	313,350	285,704	-	7,662	-	15,480	-	-	-	-	7.27	6.49
Payables	-	-	-	-	-	-	-	-	14,272	32,417	N/A	N/A

Directors' Declaration

In accordance with a resolution of the directors of Albany (WA) Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.

Vicki Louise Brown, Chairman

Signed on the 27th of September 2011.

Partners in success
Chartered Accountants

Independent Auditor's Report To The Members Of Albany (WA) Community Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Albany (WA) Community Financial Services Limited, which comprises the balance sheet as at 30 June 2011, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

1) The financial report of Albany (WA) Community Financial Services Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 30 June 2011 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.

2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Albany (WA) Community Financial Services Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street Bendigo 3550

27 September 2011